



# Senate

General Assembly

**File No. 629**

February Session, 2016

Substitute Senate Bill No. 336

*Senate, April 14, 2016*

The Committee on Finance, Revenue and Bonding reported through SEN. FONFARA of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

## ***AN ACT CONCERNING THE NEIGHBORHOOD ASSISTANCE TAX CREDIT.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-635 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective January 1, 2017, and*  
3 *applicable to income years commencing on or after January 1, 2017*):

4 The Commissioner of Revenue Services shall grant a credit against  
5 any tax due under the provisions of chapter 207, 208, 209, 210, 211 or  
6 212: (1) In an amount not to exceed one hundred per cent of the total  
7 cash amount invested during the taxable year by the business firm in  
8 programs operated or created pursuant to proposals approved  
9 pursuant to section 12-632 for energy conservation projects directed  
10 toward properties occupied by persons, at least seventy-five per cent  
11 of whom are at an income level not exceeding one hundred fifty per  
12 cent of the poverty level for the year next preceding the year during  
13 which such tax credit is to be granted; (2) in an amount equal to one

14 hundred per cent of the total cash amount invested during the taxable  
15 year by the business firm in programs operated or created pursuant to  
16 proposals approved pursuant to section 12-632 for energy conservation  
17 projects at properties owned or occupied by charitable corporations,  
18 foundations, trusts or other entities as determined under regulations  
19 adopted pursuant to this chapter; (3) in an amount equal to one  
20 hundred per cent of the total cash amount invested during the taxable  
21 year by the business firm in a comprehensive college access loan  
22 forgiveness program located in an "educational reform district" as  
23 defined in section 10-262u, that has established minimum eligibility  
24 criteria including, but not limited to, years of enrollment in the  
25 educational reform district, grade point average, attendance record  
26 and loan forgiveness prerequisite; [or] (4) in an amount not to exceed  
27 sixty per cent of the total cash amount invested during the taxable year  
28 by the business firm (A) in employment and training programs  
29 directed at youths, at least seventy-five per cent of whom are at an  
30 income level not exceeding one hundred fifty per cent of the poverty  
31 level for the year next preceding the year during which such tax credit  
32 is to be granted; (B) in employment and training programs directed at  
33 handicapped persons as determined under regulations adopted  
34 pursuant to this chapter; (C) in employment and training programs for  
35 unemployed workers who are fifty years of age or older; (D) in  
36 education and employment training programs for recipients in the  
37 temporary family assistance program; or (E) in child care services; [.   
38 Any other program] or (5) in an amount equal to sixty per cent of the  
39 total cash invested by the business firm in any other program which  
40 serves persons, at least seventy-five per cent of whom are at an income  
41 level not exceeding one hundred fifty per cent of the poverty level for  
42 the year next preceding the year during which such tax credit is to be  
43 granted, [and which] including, but not limited to, a program to  
44 provide educational scholarships to children who are residents of the  
45 state and who attend accredited private, nonprofit schools located in  
46 the state for grades kindergarten to twelve, inclusive, and provided  
47 any such program meets the standards for eligibility under this  
48 chapter. [shall be eligible for a tax credit under this section in an

49 amount equal to sixty per cent of the total cash invested by the  
50 business firm in such program.]

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2017, and applicable to income years commencing on or after January 1, 2017</i>	12-635

**Statement of Legislative Commissioners:**

In the effective date of Section 1, "of corporations" was deleted for consistency with standard drafting conventions, and in Section 1(5), provisions were reorganized for clarity.

**FIN**            *Joint Favorable Subst. -LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

***OFA Fiscal Note******State Impact:*** None***Municipal Impact:*** None***Explanation***

The bill, which expands the investments eligible for a Neighborhood Assistance Act tax credit, does not result in any fiscal impact as it does not increase the aggregate cap on the amount of credits allowed under the program (which the program reaches under current law).<sup>1</sup>

***The Out Years******State Impact:*** None***Municipal Impact:*** None

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<sup>1</sup> The program is subject to a \$5 million aggregate cap through 2016, after which the cap increases to \$10 million. In the event that eligible donations under the program exceed the allowable cap, tax credits are prorated accordingly.

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**OLR Bill Analysis****sSB 336*****AN ACT CONCERNING THE NEIGHBORHOOD ASSISTANCE TAX CREDIT.*****SUMMARY:**

Existing law makes businesses investing in certain programs that benefit low-income individuals eligible for Neighborhood Assistance Act (NAA) tax credits of 60% of the amount invested. To qualify, at least 75% of the program population must be at or below 150% of the poverty level for the preceding year. This bill specifies that these eligible programs include those providing scholarships to children who reside in the state and attend accredited private, nonprofit schools for grades kindergarten through 12.

EFFECTIVE DATE: January 1, 2017, and applicable to income years beginning on or after January 1, 2017.

**BACKGROUND****NAA**

The NAA program provides business tax credits to businesses that contribute or invest at least \$250 in municipally and Department of Revenue Services (DRS)-approved community activities and programs, including neighborhood assistance, job training, education, child care, crime prevention, open space, and energy conservation programs. The tax credits are (1) 100% for contributions to qualifying energy conservation projects and college loan forgiveness programs and (2) 60% for all other eligible contributions and investments.

The annual limits on NAA credits are (1) generally \$150,000 per business and (2) \$5 million for all businesses (\$10 million beginning in FY 18). DRS must prorate the tax credits available to businesses if the total amount of credits claimed exceeds the \$5 million cap. The credits

apply against the corporation, insurance premium, and other specified business taxes.

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable

Yea     40     Nay     4     (03/24/2016)